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# SUMMARY

of the

# REPORT OF THE IN-DEPTH REVIEW OF THE NATIONAL COMMUNICATION

of

# AUSTRALIA

(The full text of the report (in English only) is contained in document FCCC/IDR.1/AUS)

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## Summary[1]

1. The in-depth review was carried out between June and October 1995 and included a country visit by the team from 26 to 30 June 1995. The team included experts from Egypt, Slovakia, the United Kingdom of Great Britain and Northern Ireland and the International Energy Agency.

2. Australia is in many respects unique; it is a continent in the southern hemisphere with a very low population density and with various ecosystems quite different from those of other Annex I Parties. It has a young dynamic economy in which exports, particularly of primary and energy goods, play a major role. There has recently been a clear trend towards integration in the world economy through an increase in trade in manufactured products and enhanced economic cooperation with the Asia and Pacific region.

3. The team recognizes the complexity of Australia's system of government where the federal Government has limited constitutional powers to implement measures, and where progress depends on establishing partnerships with state and local governments. In the light of this fact, it is relevant to note the institutional structure established under the leadership of the Council of Australian Governments to implement commitments under the Convention. Australia, as the world's largest coal exporter and with 80 per cent of electricity generated with coal, realizes that energy-related mitigation measures could impact on the national economy and its trade balance. The team noted the broad range and quality of a number of climate-related research activities being carried out in the country. Equally important has been research in the pure and applied sciences on climate change issues, including expected impacts of and adaptation to climate change. This clearly indicates that Australia is in a position to make important scientific and research contributions to the efforts of other Parties to the Convention. In a way, the first national communication does not reflect the thoroughness of efforts being carried out in Australia. This fact, however, was overcome during the review, when substantial additional information was made available.

4. The country has developed its own greenhouse gas (GHG) inventory methodology based on the Intergovernmental Panel on Climate Change (IPCC) default methods and emission factors. In preparing it, a bottom-up approach was adopted, and in many areas emission factors were developed to reflect specific Australian conditions, often based on actual field measurements. Six working groups were created and have produced very detailed inventory work which could be an important contribution to the IPCC process and to other Parties with similar conditions located in the southern hemisphere.

5. In developing its response strategy, Australia is applying a dynamic and phased process, focusing up to now on no-regrets measures. Concerning the major sources of carbon

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[1] In accordance with decision 2/CP.1 (see FCCC/CP/1995/7/Add.1), the full draft of this report was communicated to the Australian Government, which had no further comments.

dioxide ($CO_2$) emissions, Australia has decided to direct measures in particular towards fuel combustion and fugitive fuel emissions, which account for roughly 70 per cent of national $CO_2$ emissions. Key elements in the strategy to mitigate these emissions include the structural reform of the electricity sector, the removal of barriers to interstate trade and use of gas, the promotion of co-generation, the stimulation of fuel switching, and increased use of renewables and natural gas. In end-use sectors, key measures relate to the continuing improvement of energy efficiency, including voluntary agreements with industries, appliance labelling and the setting of minimal energy standards.

6. In the land use and forestry sectors, which account for 30 per cent of current $CO_2$ emissions, measures focus on sustainable land management (grassland conversion and managed forests), monitoring and control of land clearing and enhancing $CO_2$ uptake, in particular through the One Billion Trees Programme.

7. The "without measures" scenario indicates a 14 per cent increase in 1990 GHG emissions by 2000. If, however, the current rate of implementation of measures introduced in the National Greenhouse Response Strategy (NGRS) is sustained, an increase of 7 per cent in 1990 emission levels is projected for 2000. Subsequent to submission of the national communication in 1994, the federal ("Commonwealth") Government announced in March 1995 the Greenhouse 21C programme, containing a range of new mitigation and sink enhancement measures. It is estimated that, if fully implemented, the programme would further reduce the increase in GHG emissions by 2000 to 3 per cent above 1990 levels. At the time of the review visit, these additional measures were still at the planning stage.

8. In preparing the projections of GHG emissions for 2000 a bottom-up approach was also used, with sectoral projections generated from a detailed analysis of individual sectors based in general on scenarios of low rates of implementation. For most sectoral projections, sensitivity analysis to key assumptions, such as world prices of energy and export goods and the recurrence of drought, was carried out, and uncertainty levels were clearly described. The team felt that the thoroughness and consistency in building up emission projections from sectoral analyses to an aggregate level for the year 2000 could be very useful as a reference for other Parties. The team noted the progress made in the One Billion Trees Programme, as well as the fact that the programme is expected to bring about 45 per cent of total $CO_2$ reductions under the NGRS. Other measures in the NGRS expected to result in significant reductions include the introduction of natural gas in energy production, promotion of co-generation, improved land management and the waste minimization strategy. The ongoing structural reform of the electricity sector is also expected to generate emission reductions as compared with the "without measures" scenario, although its specific effects have not been quantified. Under the Greenhouse 21C programme, most of the reductions (some 70 per cent) are expected to come from the introduction of cooperative agreements with industry. These agreements aim at improving energy efficiency and assessing opportunities for emission abatement in industrial sectors. Greenhouse 21C also aims at expanding support for the gas market reform and existing sink enhancement programmes.

9. The team noted that Australia's ratio of official development assistance (ODA) to gross national product (GNP) has decreased to 0.33 per cent in 1995, although in absolute terms the total level of ODA for 1994/1995 has increased to roughly US$1,069 million.[2] The Government has stated its commitment to increase this ratio in the medium term to 0.40 per cent, and its intention to reach the 0.70 per cent level in the longer term. Australia has made contributions to the financial mechanism under the Convention and has provided significant additional support to developing countries through multilateral, bilateral and regional programmes, mainly in the Asia and Pacific region. These programmes include technology development and encourage environmentally sound private sector development through creative incentive schemes.

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[2] Henceforth, the June 1995 exchange rate of $A1.39 to US$1 will be used.